

CIA May Have Encouraged Firms to Pay Foreign Political Figures, Probe Shows

By JERRY LANDAUER

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—Government investigators are assembling "strong indications" that the Central Intelligence Agency knew about and probably encouraged the flow of under-the-table cash from leading American corporations to certain political figures abroad.

The implications of the data being gathered about CIA involvement in the corporate payments are these: Not all the many million of dollars paid by American companies to foreign government officials constituted commercial bribery; some of the cash was intended to buy intelligence information for the U.S. government or to reward pro-American politicians.

Thus, as one investigator suggests, certain corporations making seemingly corrupt payments to foreign officials were actually acting in the U.S. government's interest, though not necessarily at the government's behest.

The latest indication of this developing thesis emerges in the still-secret list of consultants who quietly collected millions of dollars in sales commissions from Boeing Co. Boeing is under investigation for bribery by the Securities and Exchange Commission, but, with strong support from the State Department, the aircraft maker has resisted identifying the agents who collected company cash over the years.

However, it's known that one Boeing agent in the Middle East is Kamal Adham, a relative by marriage to the royal family of Saudi Arabia and a frequent friendly contact for the CIA. Mr. Adham also runs the Saudi internal security service.

In Iran, according to several sources, Boeing retained as sales agent an uncle of the empress, and in London the company paid huge commissions to another Middle East power broker considered friendly to the U.S. He is Mahdi Tajir, the United Arab Emirates' ambassador to Britain; Mr. Tajir ostensibly was paid for arranging to finance the sale of Boeing aircraft to other nations in the Middle East.

In Kuwait, Boeing's agent is the brother of Jassim Y. al-Marzouk, managing director of Kuwait Airways and head of the evaluation committee that recommended purchase of Boeing 747s. Happily, too, the Boeing agent's sister is married to Faisal S. al-Fulaij, who recently resigned as chairman of Kuwait Airways.

In engaging such influential figures, Boeing was pursuing its business interests. But at the same time, the company was funneling cash to political personalities whom the U.S. was eager to reward.

"I don't know how much the government knows about our commission payments,"

says J. E. Prince, secretary of Boeing and a senior vice president. "In our overseas commercial sales activities we operate entirely as a private enterprise entity and not as an arm of American policy or diplomacy," the company asserts. "Occasionally, we seek and receive advice from U.S. embassy staffs in various parts of the world to help us market our products. But the support we receive is not greater than would be extended to any other American firm whose sales help the nation's balance of payments. . . . We refuse to concede that any of our commission payments were illegal."

Perhaps the clearest merger of corporate and government interests abroad involves Lockheed Aircraft Corp. As a Senate subcommittee discovered last year, Lockheed secretly had paid as much as \$7 million since the late 1950s to Yoshio Kodama, the company's agent for the sale of military aircraft to the government of Japan and for the sale of commercial aircraft to Japanese airlines.

What wasn't emphasized then was Mr. Kodama's covert associations with the CIA, or his role as political financier for the ruling Liberal-Democratic Party. By paying its agent all those millions, with the full knowledge of the U.S., Lockheed wasn't merely expediting aircraft sales. As government investigators note, the company—whether by coincidence or design—was also promoting U.S. interests, by helping to keep the conservative liberal-democrats in power. In turn, the ruling party rearmed Japan, as Washington wanted, and Lockheed sold the Japanese government F104 fighter-bombers worth hundreds of millions of dollars.

One indication of the U.S. government's benign interest in the flow of corporate payments to helpful agents cropped up in little-noted testimony last year to the Senate Subcommittee on Multinational Corporations by James Akins, the former U.S. ambassador to Saudi Arabia. Among other things, Mr. Akins testified that the U.S. "concealed" agents' fees in contracts for government-to-government sales of military aircraft. "At least we're (currently) identifying the agent's fees, instead of concealing them," Mr. Akins said.

Indeed, Mr. Akins told the Senate subcommittee that State Department superiors in Washington once asked him to intervene for Adnan Khashoggi, the Saudi businessman who represents several U.S. arms manufacturers. Mr. Khashoggi regards himself as a bridge-builder between the Arab world and the West, particularly the U.S.

"About two weeks after I arrived in Saudi Arabia," Mr. Akins told the Senators, "I got a telegram from the State Department that asked me in general terms to take up with the Saudi minister of defense the matter of an agent's fee to be paid to Mr. Khashoggi. I thought it was improper for me to do this and I informed the department. They agreed that I shouldn't do this."

F- LANDAUER, Jerry
CIA 4.01 Payoffs
Adham, Kamal
ORg1 Boeing
Kodama, Yoshio
ORg1 Lockheed
Ashland Oil Co.

Despite these tantalizing tidbits, Frank Church (D., Idaho), chairman of the subcommittee, didn't pursue the subject, and the Senate Select Committee on Intelligence Activities, also headed by Sen. Church, didn't dig into any aspect of CIA cooperation with big business.

In a three-volume report last year the select committee provided details on CIA plots to assassinate some foreign leaders but the report didn't delve into acknowledged CIA payments to companies such as Ashland Oil Inc. for providing cover for CIA operatives. To some, this avoidance of the corporate-government intelligence relationship is the best indication of its sensitivity.